

**FEDERAL ELECTION COMMISSION**

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**FIRST GENERAL COUNSEL'S REPORT**

**SENSITIVE**

PRE-MUR 316

DATE ACTIVATED: June 13, 1996

PRE-MUR 332

DATE ACTIVATED: June 19, 1996

STAFF MEMBERS: Dominique Dillenseger  
Jeffrey Marks

SOURCE: INTERNALLY GENERATED

RESPONDENTS: Indian-American Leadership Investment Fund

Subodh Chandra, as treasurer

Lalit Gadhia

Devendra Singh

The Embassy of India

Vinay Wahi

Satish Chandra Bahl

Uday Gadhia

Ashok Kumta

George Paniker

Rosemary Osborne

Dr. S. V. Ramamurthy

Sachinder Gupta

37 other individuals

RELEVANT STATUTES/REGULATIONS:

2 U.S.C. § 437g(a)(5)(b)

2 U.S.C. § 441e

2 U.S.C. § 441f

22 U.S.C. § 611(b)

11 C.F.R. § 103.3(b)

11 C.F.R. § 103.3(b)(1)

11 C.F.R. § 103.3(b)(2)

11 C.F.R. § 110.4(a)(3)

11 C.F.R. § 110.4(b)(3)

INTERNAL REPORTS CHECKED: Disclosure Documents  
Advisory Opinion 1995-19 (July 28, 1995)

FEDERAL AGENCIES CHECKED: Department of Justice

I. GENERATION OF MATTER

A. PRE-MUR 316

On April 28, 1995, Subodh Chandra, Treasurer of the Indian-American Leadership Investment Fund ("IALIF" or "PAC"), was contacted by a reporter for the Baltimore Sun who informed him that improper contributions may have been made to the IALIF. That same day, Chandra called the Federal Election Commission ("the Commission"), notifying the Commission, sua sponte, of the possible violations. The Sun reporter alleged that, several months earlier, Lalit Gadhia had made several contributions to the IALIF using the names of other individuals ("conduits") to mask the true source of the funds. The PAC had long since disbursed these funds to candidate committees. At this Office's suggestion, Chandra then made a sua sponte submission (Pre-MUR 316) to the Commission regarding the possible violations pledging to "*take whatever steps necessary to resolve the Federal Election Commission's concerns in a satisfactory manner*" (italics in original). In addition, on May 25, 1995 Chandra requested an Advisory Opinion from the Commission. The Commission issued an Advisory Opinion on July 28, 1995.

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**B. PRE-MUR 332**

On May 21, 1996, the Commission was notified by the Department of Justice ("DOJ") concerning an investigation of the illegal fundraising practices of Lalit Gadhia.<sup>1</sup> The notification by the DOJ alerted the Commission of evidence that the funds originated from a foreign national, Devendra Singh at the Indian Embassy. Gadhia pled guilty to causing a false statement to be made to the Commission in connection with FEC reports which were filed by the IALIF and political committees listing funds contributed in the name of another. This Office requested more complete information from DOJ and, on August 1, 1996, we received materials which included Federal Bureau of Investigation ("FBI") interview reports (302s). Attachment 1.

On August 8, 1996, Gadhia was sentenced to 3 months in prison followed by 2 years of supervised release including 6 months electronically monitored home detention. Attachment 2 (Judgment and Commitment Order).

**II. SUMMARY OF ALLEGATIONS**

Based on interview reports prepared by the FBI and the plea agreement signed by Lalit Gadhia, it appears that Devendra Singh, a foreign national and Indian Embassy Official, supplied Lalit Gadhia with approximately \$60,000 in cash to be contributed to congressional candidates. Gadhia then gave this money to 45 individuals (either directly or through one of seven solicitors) who agreed to write checks to either the IALIF or directly to federal candidate committees.

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<sup>1</sup> This correspondence, circulated to the Commission as Pre-MUR 332, (hereinafter "DOJ Packet") includes a Cover Letter, Criminal Information, the plea agreement, Statement of Facts, IALIF FEC Report, and Records of Lalit Gadhia.

Because Gadhia has already been criminally prosecuted, the main focus of this case is the involvement of the Indian Embassy. The criminal investigation did not fully investigate the source of the funds, and no action has been taken against the Embassy. This Office also recommends pursuing the few individuals who most facilitated Gadhia in carrying out this scheme. These individuals also were not criminally prosecuted. For the IALIF and Subodh Chandra, the remaining solicitors, and the bulk of the conduits, most of whom have admitted their actions, this Office recommends that the Commission not pursue beyond reason to believe, and admonish these respondents. Finally, this Office recommends that the Commission send letters to each of the political committees that have received, but not yet disgorged, the illegal funds, instructing them to disgorge the funds to the United States Treasury.

### III. FACTUAL AND LEGAL ANALYSIS

#### A. Statement of the Law

2 U.S.C. § 441e states that it is illegal for a foreign national to directly or indirectly contribute to any candidate in a federal election. It is also forbidden for any person to solicit, accept or receive any such contribution from a foreign national. Further, a foreign national may not participate in or control the election related activities of a person or organization. 11 C.F.R. § 110.4(a)(3). The term "foreign national" includes, *inter alia*, an individual who is not a citizen of the United States and who is not lawfully admitted for permanent residence, or a foreign principal as defined in title 22. 2 U.S.C. § 441e. 22 U.S.C. § 611(b) defines "foreign principal" as, *inter alia*, a foreign government.

2 U.S.C. § 441f prohibits any person from: (1) making a contribution in the name of another; (2) knowingly permitting his or her name to be used for a contribution in the name of another; and (3) knowingly accepting such a contribution. The Commission's regulations also prohibit any person from knowingly assisting in the making of a contribution in the name of another. 11 C.F.R. § 110.4(b)(1)(iii). 2 U.S.C. § 431(11) defines "person" to include committees and groups of persons.

The treasurer of a political committee is responsible for examining all contributions received by the political committee for evidence of legality. 11 C.F.R. § 103.3(b). *Contributions that present genuine questions as to whether they were made by legal sources may be deposited into a campaign depository or returned to the contributor. If any such contribution is deposited, the treasurer shall make his or her best efforts to determine the legality of the contribution. 11 C.F.R. § 103.3(b)(1). If the treasurer determines that at the time a contribution was received and deposited, it did not appear to be made in the name of another, but later discovers that it is illegal based on new evidence not available to the political committee at the time of receipt and deposit, the treasurer shall refund the contribution to the contributor within thirty days of the date on which the illegality was discovered. 11 C.F.R. § 103.3(b)(2). If the political committee does not have sufficient funds, it must refund the contribution using the next funds it receives. Id.*

The Act addresses violations of law that are knowing and willful. See 2 U.S.C. § 437g(a)(5)(b). The knowing and willful standard requires knowledge that one is violating the law. Federal Election Commission v. John A. Dramesi for Congress

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Committee, 640 F. Supp. 985 (D. N.J. 1986). A knowing and willful violation may be established "by proof that the defendant acted deliberately and with knowledge that the representation was false." United States v. Hopkins, 916 F.2d 207, 214 (5th Cir. 1990). An inference of a knowing and willful violation may be drawn "from the defendants' elaborate scheme for disguising" their actions. Id. at 214-15.

#### **B. Factual Summary**

The following discussion is based on FBI interview reports (302s), correspondence and documents from the United States Attorney's Office and the IALIF, and disclosure documents. Further, the DOJ listed a number of individuals who admitted to being reimbursed for their contributions but whose 302s were not forwarded to this office because the statements implicate confidential material (i.e. grand jury testimony). Attachment 1, pp. 1-2. Many of the individuals involved received letters of immunity to criminal prosecution.<sup>2</sup> Id.

In early October 1994, Devendra Singh, a foreign national assigned to the Indian Embassy, and Lalit Gadhia, a politically active Baltimore attorney<sup>3</sup>, began a scheme in which federal contributions of approximately \$60,000 dollars were made using conduits.

<sup>2</sup> The letters of immunity stated that any information or testimony the individual gave concerning the political contributions made through or solicited by Gadhia would not be used against the individual in any criminal proceeding provided that the testimony is true.

<sup>3</sup> According to news reports, Gadhia had been active in Maryland politics for years at both the state and federal level. Most recently he was the state-wide treasurer for the Glendening for Governor campaign. DOJ Packet, Statement of Facts, p. 3. At the time the FBI investigation began, Gadhia was reportedly working as an assistant secretary for the international division at the state Department of Economic and Employment Development.

The evidence indicates that the money used was supplied by Singh or the Indian Embassy itself. DOJ Packet, Statement of Facts, pp. 6 and 8. Gadhia, or one of a few intermediary solicitors, would give people cash (usually \$1,000 in \$100 bills) and request that they write a check in an equal amount either to the IALIF or, in some instances, directly to a federal candidate committee. *Id.* at 7; see generally Attachment 1.

The IALIF is a political action committee ("PAC") which was formed for the purpose of contributing to federal candidates of Indian descent. Statement of Facts, p. 4. The IALIF did not plan on participating in the November 1994 elections because of lack of funds. *Id.* at 3-4. Gadhia discussed with Subodh Chandra, treasurer of the IALIF and long time friend, the possibility of the IALIF contributing to India-friendly candidates as well as candidates of Indian descent. The IALIF agreed to work with Gadhia, stating that as long as he raised the money, Gadhia could choose to which campaigns the contributions would go. *Id.* at 4. In under one month, Gadhia forwarded 41 checks from 41 individuals totaling \$34,900 to the IALIF. *Id.* at 5; DOJ Packet, IALIF FEC Report. Also, Gadhia solicited approximately \$26,000 in reimbursed contributions which were sent directly to candidate committees. Attachment 3, pp. 1-3. The majority of the people who wrote checks ("conduits") claim that they trusted Gadhia and did not know that the contributions were illegal. It also appears that neither the IALIF nor the individual recipient committees were aware that the contributions were illegal. Since learning of this scheme, seven of the 19 recipient committees have disgorged funds totaling \$22,300 to the U.S. Treasury. *Id.* at 4.

# 1. IALIF

In their sua sponte submission, the IALIF and its treasurer, Subodh Chandra, stated that they were unaware of the scheme surrounding these contributions until they were contacted by the Baltimore Sun reporter. As soon as it became apparent that the contributions collected by Gadhia might be illegal, it appears that they contacted the Commission, sua sponte. Four weeks later, the IALIF requested an advisory opinion from the Commission advising a course of action. There is also evidence to suggest that during the fundraising activities, they attempted to comply with the Act. For example Chandra, the treasurer, persisted in trying to obtain employer information, etc. to file proper reports with the Commission. Statement of Facts, p. 5.

The Advisory Opinion stated that under circumstances where questions arise as to the legality of a contribution, it is the duty of the recipient organization to use "best efforts" to determine the legality of the funds and then to refund any funds which it determined to be illegal. AO 1995-19, p. 3, 2 Fed. Election Camp. Fin. Guide [CCH] ¶ 6156 at p. 12,098. The IALIF was advised that if it did not have sufficient funds on hand, it should do so from the next funds it received. Id. at 12,099. However, because of the ongoing criminal investigation, the DOJ requested that the IALIF not contact any contributors. The Advisory Opinion stated that the IALIF was not required to contact any contributors, but in such an event, the IALIF was required to disgorge the "questionable contributions." Id. at 12,100.

Regarding the disgorgement of funds, the IALIF had disbursed all but \$100 of the Gadhia funds to federal political committees by November 3, 1994. IALIF FEC Report.



Based on its reports, the IALIF has not raised or contributed any funds since November 1994. Its most recent reports show a cash on hand balance of less than \$300.

Because Lalit Gadhia acted on behalf of the IALIF, the Committee is chargeable with knowledge of Gadhia's illegal actions. Where an individual is given fundraising duties and roles as well as authority to decide on expenditures, it suggests that the individual was authorized to act on behalf of the committee. See 11 C.F.R. § 102.8(b); 110.6(b)(2)(E); and 109.1(b)(5). In such a situation, under settled principles of agency law, the committee is charged with the knowledge of its agents and may be liable for having knowingly accepted prohibited contributions. See MUR 3585 (discussion and cases cited in General Counsel's Report dated November 9, 1994 at pp. 35-41). Here, Chandra, with the consent of other IALIF members, not only authorized Gadhia to raise money on behalf of the IALIF but also allowed Gadhia to determine to which campaigns the funds he raised would go. Statement of Facts, p. 4. Further, Gadhia raised all funds and directed all contributions by IALIF during the 1994 election cycle. It seems clear that this was done to advance IALIF's interests in supporting pro-India congressional candidates.

Despite the above basis for the IALIF's liability, this Office believes that there are several reasons not to pursue the PAC and its treasurer beyond finding reason to believe. It appears that Chandra acted quickly and responsibly upon notice of details of the illegal scheme including a sua sponte submission as well as a formal request for advice about how to proceed. In addition, the United States Attorney's Office has related to this Office that the IALIF has been extremely cooperative and forthcoming in the DOJ investigation.

While the Advisory Opinion instructed the IALIF to disgorge the illegal contributions, it appears that the Committee has no funds to disgorge and does not expect to receive any funds. Under all these circumstances, this Office does not suggest further pursuing the IALIF to require it to take additional remedial action. In fact, a number of the federal committees to which the IALIF contributed have already addressed the illegal contributions and voluntarily disgorged these funds. This Office suggests *infra* that the better course to remove the illegal contributions from the political process is to seek disgorgement from these remaining federal committees. Attachment 3, p. 4.

As is stated below in the discussion of Lalit Gadhia, this Office recommends that the Commission find that Lalit Gadhia knowingly and willfully violated the Act. Because Gadhia acted as the agent of the IALIF, the Commission could make appropriate knowing and willful findings against the IALIF. However, given the facts in this case, we do not recommend making such a finding. Thus, this Office recommends that the Commission find reason to believe that the Indian-American Leadership Investment Fund and Subodh Chandra, as treasurer, violated 2 U.S.C. §§ 441e and 441f. However, due to the particular circumstances, this Office recommends that the Commission take no further action, send admonishment letters, and close the file as to these respondents.

## 2. Lalit Gadhia

The Statement of Facts, included in the Pre-MUR 332 referral, served as the basis for Gadhia's plea agreement. It states that Gadhia was responsible for securing \$46,400 in reimbursed contributions to IALIF and to several campaign committees.<sup>4</sup> Statement of

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<sup>4</sup> There is a \$10,500 discrepancy between Gadhia's own records and the amount listed in the plea agreement. Gadhia's own records reflect a total of \$57,900 in

Facts, p. 9. Included in this total were five contributions totaling \$3,500 in which Gadhia allowed his own name to be used to effect contributions. DOJ Packet, Records of Lalit Gadhia; Attachment 3, p. 1.

Also, according to the Statement of Facts, evidence indicates that Devendra Singh was the source of the money which Gadhia used to reimburse the conduits. Statement of Facts, p. 8. Further, in a search of Gadhia's office, the police found a detailed accounting of all the reimbursed contributions as well as a copy of an Airborne Express label which demonstrated that a copy of the records was sent to Singh at the Indian Embassy. Records of Lalit Gadhia. The evidence thus suggests that Lalit Gadhia may have solicited, accepted, and/or received contributions from a foreign national.

Accordingly, this Office recommends that the Commission find reason to believe that Lalit Gadhia knowingly and willfully violated 2 U.S.C. § 441f by knowingly assisting in the making of contributions in the name of another and knowingly allowing his name to be used to effect contributions. In addition, this Office recommends that the Commission find reason to believe that Lalit Gadhia knowingly and willfully violated 2 U.S.C. § 441e by soliciting, accepting and/or receiving contributions from a foreign national.

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reimbursed contributions as compared to the plea agreement total of \$46,400. The discrepancy is explained as follows. The 302 reports reflect that two of the contributions listed by Gadhia, one for \$200 and the other for \$300, were legitimate. The \$10,000 contributed by Sachinder Gupta account for the remaining balance. Although the U.S. Attorney's Office did not include these contributions in the plea agreement, this Office has sufficient evidence to include Gupta's \$10,000 in Gadhia's total violation, *see infra*, p. 18) The U.S. Attorney's Office has informed this Office that Gupta maintains that he was not reimbursed for his contributions.

As discussed above, Gadhia has been criminally prosecuted for his involvement in this scheme. This Office recommends that the Commission find reason to believe but not enter into conciliation. The current objective of this Office is to contact Gadhia to determine the extent and nature of the involvement of the Indian Embassy and the other respondents in this case. To expedite this investigation, should it prove necessary, this Office recommends that the Commission approve a deposition subpoena for Lalit Gadhia.

3. Devendra Singh and the Embassy

The Statement of Facts indicates that all of the funds used to reimburse conduits originated from Devendra Singh at the Indian Embassy. The link between Singh and this reimbursement scheme is reflected in the seized documents from Gadhia's office listing all reimbursed contributions together with the Airborne Express receipt addressed to Singh at the Embassy. Records of Lalit Gadhia. This document lists each contributor's name and address, the amount of the contribution, and the committee which received the contribution. Gadhia also included a photocopy of each check. Id.

The FBI 302 report of Joyti Kumta, one of the conduits, suggests that Singh may have had sufficient knowledge of United States politics and government to devise a specific plan for where the money was to go. Attachment 1, p. 25-26. Kumta is a member of the India Forum, apparently an Indian-American social club in which Singh is active. Id. Kumta stated that at an India Forum function, Singh singled out several bills which were introduced in Congress and requested that Indian-Americans write Congress about these bills. Id.

Further, the activity by the Indian Embassy in federal elections may not be an isolated incident. As reported in the Washington Times and Ethnic NewsWatch, the Ambassador to India at the time, Siddhartha Sankar Ray, stated in a December 1995 speech made in Boston, "Please make sure Larry Pressler goes to the Senate again." Attachment 4, pp. 4, 7, 8, 11. The articles also point to a letter sent by the Indian Embassy to the Indian-American community, criticizing Congressman Torricelli's record of fighting human rights abuses in India and noting that Congressman Torricelli is running for the Senate this year. *Id.* at 1, 4, 8-9, 11.

If an Indian Embassy official was responsible for this scheme and the Embassy was the source of the funds, as evidence suggests, it is important that the Commission pursue the Embassy involvement. 2 U.S.C. § 441e prohibits foreign governments from participating in or contributing to elections for any U.S. political office. *See* MUR 3801 (Royal Saudi Arabian Embassy) and MUR 2892 (Coordination Counsel for North American Affairs (Taiwan)). Further, it cannot be over-emphasized that \$60,000 is a significant amount of money. Also, the elaborate efforts undertaken to mask the source of the funds points to the likelihood that Singh knew that it was illegal for him or the Indian Embassy to contribute funds. *See Hopkins* 916 F.2d at 214-15. Accordingly, this Office recommends that the Commission find reason to believe that Devendra Singh and the Embassy of India knowingly and willfully violated 2 U.S.C. §§ 441f and 441e.

#### 4. Solicitors--7 individuals

The current case has a large number of potential respondents. This Office has endeavored to determine which individuals played a more active role or whose actions

were more culpable in this scheme. The following people have been termed "solicitors" because the evidence indicates that they were reimbursed for their contributions and also solicited other individuals to be conduits. The evidence shows that seven individuals received money from Gadhia and solicited others in contributing in the name of another. This Office recommends pursuing four of these individuals.

a. Vinay Wahi and Satish Chandra Bahl

According to the FBI 302 reports, Vinay Wahi and Satish Chandra Bahl, two part-owners of Akbar Restaurant in Baltimore, MD, were responsible for a total of \$13,000 in illegal contributions. Attachment 3, p. 5; Records of Lalit Gadhia. The FBI 302 reports reflect that seven of the people who they solicited were employees of Akbar. Attachment 1, pp. 37, 52-54. Wahi and Bahl each admitted involvement in the scheme and were granted immunity from criminal prosecution. Wahi and Bahl's admissions were confirmed by 302 report statements of the individuals who they solicited: T.P. Reddy, Hardeep Singh, Ashok Sahni, Tara Patak, and Preeti Bahl. Id. at 27, 36, 47, 49, 51. In addition to soliciting \$7,500 in contributions, Wahi personally wrote five reimbursed checks totaling \$4,500 and Bahl wrote one reimbursed check for \$1,000. Attachment 3, p. 5; Attachment 1, p. 37; see Attachment 1, p. 54.

Based on the above, this Office recommends that the Commission find reason to believe that Vinay Wahi and Satish Chandra Bahl each knowingly and willfully violated 2 U.S.C. § 441f by knowingly permitting their names to be used to effect contributions, and by knowingly assisting others in making of contributions in the name of another.

b. Uday Gadhia

Uday Gadhia ("Uday") is Lalit Gadhia's nephew.

Umesh Naik, Venkatachalem Ramakreshnan, Tejpal Rehncy, Zubair Siddiqi, and Sivasubramanian Baskar all reported to the FBI that they were solicited by Uday Gadhia to make reimbursed contributions to the IALIF. Attachment 1, pp. 12-14, 17-21. In addition to his solicitation of conduits, Uday is also listed in Gadhia's records as having made a \$500 reimbursed contribution to the IALIF. Records of Lalit Gadhia. Based on the evidence listed above, as a conduit and/or solicitor, Uday was involved in a total of \$5,000 in illegal contributions. Attachment 3, p. 6.

Accordingly, this Office recommends that the Commission find reason to believe that Uday Gadhia knowingly and willfully violated 2 U.S.C. §441f by knowingly assisting others in the making of contributions in the name of another and by knowingly allowing his name to be used to effect such a contribution.

c. Dr. S. V. Ramamurthy

The U.S. Attorney's Office documents include an immunity letter for Dr. S. V. Ramamurthy indicating that he admitted making conduit contributions. Gadhia's records list four reimbursed contributions totaling \$4,000 by Ramamurthy. Although the 302 reports for Ramamurthy were not forwarded to this Office, two conduits, Sonne Gowda and Jay Mangalvedha, reported to the FBI that they were solicited by Ramamurthy for reimbursed contributions. Attachment 1, pp. 14-15, 41. Based on the evidence listed above, as a conduit and/or solicitor, Ramamurthy was involved in a total of \$7,000 in illegal contributions. Attachment 3, p. 6.

Accordingly, this Office recommends that the Commission find reason to believe that Dr. S. V. Ramamurthy knowingly and willfully violated 2 U.S.C. § 441f by knowingly assisting in making of contributions in the name of another and by knowingly allowing his name to be used to affect such contributions.

d. Ashok Kumta, George Paniker, and Rosemary Osborne

This report discusses Ashok Kumta, George Paniker, and Rosemary Osborne together because of their similar limited roles as solicitors and conduits in Gadhia's reimbursement scheme. These three individuals each made one reimbursed contribution and solicited one reimbursed contribution. The amounts of their violations are low relative to the four solicitors discussed in parts 4 a, b, and c above. For this reason, and in the interest of focusing our resources on the most culpable individuals, this Office recommends that the Commission not pursue Ashok Kumta, George Paniker, or Rosemary Osborne beyond reason to believe.

According to the FBI 302 report, Ashok Kumta admitted that he received \$2,000 in cash from Gadhia and that he wrote a check for \$1,000 to the IALIF. Attachment 1, pp. 23-24. Kumta then asked his wife to write a \$1,000 check without informing her that he had received any cash. Id.<sup>5</sup>

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<sup>5</sup> Besides the \$2,000 mentioned in reimbursed contributions the discussed above, Kumta was given an additional \$1,000 for further solicitation. Attachment 1, p. 24. Kumta stated that he went out and solicited two legitimate contributions for \$500. Id. He then gave the checks to Gadhia as if they had been reimbursed and returned \$500 cash to Gadhia. Id. Kumta then pocketed the \$500 which he was supposed to have given to the two contributors. Id. Kumta's conversion of the \$500 does not constitute a FECA violation.

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Similarly, Gadhia asked his secretary, Rosemary Osborne to write two checks from her account for herself and her husband to the IALIF. Id. at 8. She stated that she did not want to "buck" her employer and admitted that, in exchange for \$2,000 in cash, she wrote a \$1,000 check in her name and a \$1,000 in her husband's name to the IALIF. Id. Osborne stated that she did not inform her husband of these contributions.

Finally, George Paniker admitted his involvement in his 302 report and received a letter of immunity. Id. at 44. Paniker admitted that he was reimbursed for a \$1,000 check he wrote as a conduit. Id. He also stated that he solicited a \$1,000 contribution from Tanzania Mary Cooper, an employee. Id. In her 302 report, Cooper corroborated Paniker's statements. Id. at 10-11.

Thus, this Office recommends that the Commission find reason to believe that George Paniker, Ashok Kumta, and Rosemary Osborne each violated 2 U.S.C. § 441f by knowingly assisting in the making of contributions in the name of another and by knowingly allowing their names to be used to affect such contributions. In light of the amount of the respective violations, however, this Office recommends that the Commission take no further action, send admonishment letters, and close the file as to these three respondents.

##### 5. Conduits

Gadhia's records and the IALIF Federal Election Commission report reflect 46 individuals who wrote checks after accepting cash of an equal amount from Gadhia or other solicitor.<sup>6</sup> All of the conduits discussed herein are listed in Gadhia's records as

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<sup>6</sup> This number includes Lalit Gadhia and the 7 solicitors but not the 2 contributors who were not reimbursed.

having made reimbursed contributions. In addition most of the conduits either personally admitted their involvement or were implicated by statements of other conduits in the 302 reports.<sup>7</sup>

One conduit, Sachinder Gupta, bears notice because he made far more conduit contributions in this scheme than any other individual--ten contributions totaling \$10,000. Records of Lalit Gadhia; Attachment 3, p. 1; see supra, note 4. This Office does not have 302 reports for Gupta, and according to the DOJ, Gupta denies being reimbursed for the contributions. However there is evidence which indicates that his contributions were reimbursed. First, each of Gupta's contributions is listed in Gadhia's records as having been reimbursed. Second, disclosure documents reveal that Gupta made no contributions in the two election cycles previous to the contributions in question. Given these two factors, it appears likely that Gupta was reimbursed for his contributions.

This Office recommends that the Commission find reason to believe that Sachinder Gupta knowingly and willfully violated 2 U.S.C. § 441f by knowingly permitting his name to be used for reimbursed contributions.

The Commission has, in the past, found reason to believe, but not always further pursued all conduits. In such instances, the conduits were not actively involved in the scheme and contributed out of a sense of obligation because, for example, they were employees of the main actor. See MUR 4177 (Hourani) (reason to believe findings but

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<sup>7</sup> In a separate category are individuals who were listed in Gadhia's records but who were not conduits at all. As is stated in the 302 of Ashok Kumta, Ramesh Ganachari and Raghavan Seshadhri were not reimbursed. Attachment 1, p. 24. In a different case, Richard Osborne's name was used, but his wife wrote a check in his name and forged his signature without his knowledge. Id. at 8. Therefore, this Office recommends that the Commission not include these individuals in this matter.

no further action against employee conduits who felt pressured to contribute and who each made one contribution for \$1,000.) Similarly, the evidence in this matter reflects that a large majority of the conduits had a familial, employment, or other compelling relationship with the individual who asked them to contribute. Most of the conduits had limited involvement, making only one reimbursed contribution in the amount of \$1,000 or less. Also, it is apparent from the 302s that Gadhia used his status as a prominent and politically active lawyer to persuade them to participate as conduits. With the exception of Sachinder Gupta, this Office believes that there is ample reason not to further pursue any of the individuals who were conduits in the scheme.

Based on the above, this Office recommends that the Commission find reason to believe that Preeti Bahl, Sivasubramanian Baskar, Arun Bedi, Tanzania Mary Cooper, Ashok Dhawan, Anita Gadhia, Anu Gadhia, Parvani Gadhia, Sonne Gowda, Vikram Gowda, Hemanta Kole, Sanjay Kumar, Ashok Kumta, Joyti Kumta, Janet Mangalvedha, Jay Mangalvedha, Mirdula Mehta, Kishor Mehta, Ann T. Mileham, Umesh Naik, Shyam Prakash, Tara Patak, Pradeep Perera, Nirmala Ramamurthy, T.P. Reddy, Venkatachalam Ramakrishnan, Tejpal Rehncy, Ashok Sahni, Indra Seunarine, Rahendra Sharma, Zubair Siddiqi, Harbhajan Singh, Hardeep Singh, Kathleen Stone, M. Surendra, Aruna Triveda, and Sudhir Triveda each violated 2 U.S.C. § 441f by knowingly allowing their names to be used to effect contributions in the name of another but take no further action and close the file as to these respondents. This Office further recommends that the Commission issue letters of admonishment to these respondents.

#### IV. DISPOSITION OF PRE-MURS & INVESTIGATION

This Office is not recommending conciliation or a full investigation at this time. Instead, as explained above, we will attempt to obtain preliminary information from Lalit Gadhia regarding the solicitors, Sachinder Gupta, Devendra Singh, and the Indian Embassy's involvement.

This Office anticipates that it will take longer to conclude this matter with respect to the Indian Embassy respondents than with the other respondents. Because the issue of the Indian Embassy's involvement arose from the DOJ referral (Pre-MUR 332) and the involvement of Gadhia with IALIF from the sua sponte (Pre-MUR 316), this Office recommends that to expedite matters, the Commission open a MUR in Pre-MUR 332 for the Indian Embassy respondents, and a separate MUR in Pre-MUR 316 for all the other respondents.

#### V. RECOMMENDATIONS

##### A. PRE-MUR 316

1. Open a MUR.
2. Find reason to believe that Lalit Gadhia knowingly and willfully violated 2 U.S.C. §§ 441e and 441f.
3. Find reason to believe that Vinay Wahi knowingly and willfully violated 2 U.S.C. § 441f.
4. Find reason to believe that Satish Bahl knowingly and willfully violated 2 U.S.C. § 441f.
5. Find reason to believe that Uday Gadhia knowingly and willfully violated 2 U.S.C. § 441f.
6. Find reason to believe that Dr. S. V. Ramamurthy knowingly and willfully violated 2 U.S.C. § 441f.

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7. Find reason to believe that Sachinder Gupta knowingly and willfully violated 2 U.S.C. § 441f.

8. Find reason to believe that Ashok Kumta, Rosemary Osborne, and George Paniker violated 2 U.S.C. § 441f but take no further action and close the file as to these respondents.

9. Find reason to believe that Preeti Bahl, Sivasubramanian Baskar, Arun Bedi, Tanzania Mary Cooper, Ashok Dhawan, Anita Gadhia, Anu Gadhia, Parvani Gadhia, Sonne Gowda, Vikram Gowda, Hemanta Kole, Sanjay Kumar, Ashok Kumta, Joyti Kumta, Janet Mangalvedha, Jay Mangalvedha, Mirdula Mehta, Kishor Mehta, Ann T. Mileham, Umesh Naik, Shyam Prakash, Tara Patak, Pradeep Perera, Nirmala Ramamurthy, T.P. Reddy, Venkatachalam Ramakrishnan, Tejpal Rehncy, Ashok Sahni, Indra Seunarine, Rahendra Sharma, Zubair Siddiqi, Harbhajan Singh, Hardeep Singh, Kathleen Stone, M. Surendra, Aruna Triveda, and Sudhir Triveda violated 2 U.S.C. § 441f but take no further action and close the file as to these respondents.

10. Find reason to believe that the Indian-American Leadership Investment Fund and Subodh Chandra, as treasurer, violated 2 U.S.C. §§ 441e and 441f but take no further action and close the file as to these respondents.

11. Approve a subpoena for a Deposition for Lalit Gadhia.

12. Approve sample letter to recipient committees at Attachment 5 and approve the appropriate letters.

13. Approve the Factual and Legal Analyses and appropriate letters at Attachments 7 and 8 and approve the appropriate letters.

**B. PRE-MUR 332**

1. Open a MUR.

2. Find reason to believe that Devendra Singh and the Embassy of India knowingly and willfully violated 2 U.S.C. §§ 441e and 441f.

3. Approve the attached Factual and Legal Analysis at Attachment 6 and approve the appropriate letters.

Date

11/5/96

Lawrence M. Noble  
General Counsel

99-04-394-0324

**Attachments**

1. FBI Interview Reports (302s)
2. Judgment and Commitment Order
3. Overview Charts
4. News Reports of Indian Embassy Involvement
5. Sample Letter to Recipient Committee
6. Factual and Legal Analysis--Devendra Singh and the Indian Embassy
7. Factual and Legal Analysis--Lalit Gadhia
8. Factual and Legal Analyses (10) (Indian-American Investment Fund, solicitors, and conduits)

99-04-394-0325

## CONDUIT CONTRIBUTIONS

CONDUIT NAME	AMOUNT	RECIPIENT COMMITTEE	SOLICITOR
Bahl, Preeti	\$500	IALIF	Bahl
Bahl, Satish Chandra	\$1,000	IALIF	Wahi
Baskar, Sivasubramanian	\$1,000	IALIF	Ghadia, Uday
Bedi, Arun	\$500	IALIF	Bahl
Cooper, Tanzania Mary	\$1,000	IALIF	Paniker
Dhawan, Ashok	\$1,000	IALIF	Bahl
Gadhia, Anita	\$1,000	IALIF	Gadhia, Lalit
Gadhia, Anu	\$1,000	Citizens for Sarbanes	Gadhia, Lalit
Gadhia, Lalit	\$500	Cardin for Congress	Gadhia, Lalit
Gadhia, Lalit	\$500	Citizens for Sarbanes	
Gadhia, Lalit	\$1,000	IALIF	Gadhia, Lalit
Gadhia, Lalit	\$1,000	Mathews for Congress	Gadhia, Lalit
Gadhia, Lalit	\$500	Wofford for Senate	Gadhia, Lalit
Gadhia, Parvani	\$500	IALIF	Gadhia, Lalit
Gadhia, Uday	\$500	IALIF	Gadhia, Lalit
Ganachari, Ramesh (Legitimate)	\$300	IALIF	Kumta
Gowda, Sonne	\$1,000	IALIF	Ramamurthy
Gowda, Vikram	\$1,000	IALIF	Ramamurthy
Gupta, Sachinder	\$1,000	Ackerman for Congress	
Gupta, Sachinder	\$1,000	Cardin for Congress	
Gupta, Sachinder	\$1,000	Engel for Congress	
Gupta, Sachinder	\$1,000	Hoyer for Congress	
Gupta, Sachinder	\$1,000	Mathews for Congress	
Gupta, Sachinder	\$1,000	McDermott for Congress	
Gupta, Sachinder	\$1,000	Mfume for Congress	
Gupta, Sachinder	\$1,000	Murtha for Congress	
Gupta, Sachinder	\$1,000	Robert Andrews for Congress	
Gupta, Sachinder	\$1,000	Wofford for Senate	

ATTACHMENT

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Kole, Hemanta	\$900	IALIF	
Kumar, Sanjay	\$1,000	IALIF	Wahi
Kumta, Ashok	\$1,000	IALIF	Gadhia, Lalit
Kumta, Jyoti	\$1,000	IALIF	Kumta
Mangalvdehe, Jay	\$1,000	IALIF	Ramamurthy
Mehta, Arvind	\$500	IALIF	
Mehta, Kisher	\$1,000	Robb for Senate	
Mehta, Mrudula	\$1,000	Robb for Senate	
Mileham, Anne	\$1,000	IALIF	
Naik, Umesh	\$1,000	IALIF	Gadhia, Uday
Osborne, Richard	\$1,000	IALIF	Gadhia, Lalit
Osborne, Rosemary	\$1,000	IALIF	Gadhia, Lalit
Paniker, George	\$1,000	IALIF	Gadhia, Lalit
Parkash, Shyam	\$1,000	IALIF	Wahi
Pathak, Tara	\$1,000	Wofford for Senate	Wahi
Perera, Pradeep	\$1,000	Cardin for Congress	
Perera, Pradeep	\$1,000	Hoyer for Congress	
Perera, Pradeep	\$1,000	Mfume for Congress	
Ramakrishnan, Venkatachalem	\$1,000	IALIF	Gadhia, Uday
Ramamurthy, Nirmala	\$1,000	IALIF	
Ramamurthy, S.V.	\$1,000	IALIF	
Ramamurthy, S.V.	\$1,000	Murtha for Congress	
Ramamurthy, S.V.	\$1,000	Robert Andrews for Congress	
Ramamurthy, S.V.	\$1,000	Wofford for Senate	
Reddy, T.P.	\$500	IALIF	Bahl
Rehncy, Tejpal	\$1,000	IALIF	Gadhia, Uday
Sahni, Ashok	\$1,000	IALIF	Wahi
Seshadhri, Raghavan (Legitimate)	\$200	IALIF	Kumta
Seunarine, Indra	\$1,000	IALIF	
Sharma, Rajendra K.	\$1,000	IALIF	
Siddiqi, Zubair	\$500	IALIF	Gadhia, Uday
Singh, Harbhajan	\$500	IALIF	Bahl



Singh, Hardeep	\$500	IALIF	Bahl
Stone, Kathleen	\$1,000	IALIF	
Surendra, M.	\$1,000	Hoyer for Congress	
Triveda, Aruna	\$1,000	IALIF	
Triveda, Sudhir	\$1,000	IALIF	
Wahi, Vinay	\$500	Cardin for Congress	Gadhia, Lalit
Wahi, Vinay	\$1,000	Citizens for Sarbanes	Gadhia, Lalit
Wahi, Vinay	\$1,000	IALIF	Gadhia, Lalit
Wahi, Vinay	\$1,000	Murtha for Congress	Gadhia, Lalit
Wahi, Vinay	\$1,000	Robb for Senate	Gadhia, Lalit
<b>TOTAL</b>	<b>\$61,900.00</b>		

**POLITICAL COMMITTEE RECEIPTS  
AND DISGORGEMENTS**

(AMOUNTS ARE AN AGGREGATE OF CONTRIBUTIONS FROM IALIF  
AND DIRECT CONDUIT CONTRIBUTIONS)

**COMMITTEES WHICH HAVE DISGORGED**

RECIPIENT COMMITTEE	AMOUNT	DATE OF DISGORGEMENT
Berman for Congress	\$2,800	5/17/96
Robert Andrews for Congress	\$3,000	5/17/96
Hamilton for Congress	\$3,000	5/22/96
Hoyer for Congress	\$3,000	5/29/96
Cardin for Congress	\$3,000	6/14/96
Ackerman for Congress	\$3,000	7/8/96
Citizens for Sarbanes	\$4,500	8/5/96
<b>TOTAL</b>	<b>\$22,300.00</b>	

**COMMITTEES WHICH HAVE NOT DISGORGED**

RECIPIENT COMMITTEE	AMOUNT
Committee to Reelect Thomas S. Foley	\$3,000
Engel for Congress	\$3,000
Friends of Cong. Fingerhut	\$1,000
Friends of Sherrod Brown	\$3,000
Mathews for Congress	\$5,000
McDermott for Congress	\$3,000
Mfume for Congress	\$3,000
Murtha for Congress	\$4,000
Robb for Senate	\$3,000
Swett for Congress	\$3,000
Victory '94--Mass. St. Dem. Party	\$5,000
Wofford for Senate	\$3,500
<b>TOTAL</b>	<b>\$39,500.00</b>

ATTACHMENT 3  
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## SOLICITORS:

### AMOUNTS SOLICITED/CONDUIT CONTRIBUTIONS

#### VINAY WAHI

CONDUIT NAME	AMOUNT	COMMITTEE
Wahi, Vinay	\$500	Cardin for Congress
Wahi, Vinay	\$1,000	Citizens for Sarbanes
Wahi, Vinay	\$1,000	IALIF
Wahi, Vinay	\$1,000	Murtha for Congress
Wahi, Vinay	\$1,000	Robb for Senate
Bahl, Satish**	\$1,000	IALIF
Kumar, Sanjay	\$1,000	IALIF
Parkash, Shyam	\$1,000	IALIF
Pathak, Tara	\$1,000	Wofford for Senate
Sahni, Ashok	\$1,000	IALIF
<b>TOTAL</b>	<b>\$9,500.00</b>	

\*\*Satish Bahl's conduit contribution is listed twice: first, above, as a solicitation by Wahi and second, below, as a conduit contribution by Bahl.

#### SATISH BAHL

CONDUIT NAME	AMOUNT	COMMITTEE
Bahl, Preeti	\$500	IALIF
Bedi, Arun	\$500	IALIF
Dhawan, Ashok	\$1,000	IALIF
Reddy, T.P.	\$500	IALIF
Singh, Harbhajan	\$500	IALIF
Singh, Hardeep	\$500	IALIF
Bahl, Satish	\$1,000	IALIF
<b>TOTAL</b>	<b>\$4,500.00</b>	

UDAY GADHIA

CONDUIT NAME	AMOUNT	COMMITTEE
Naik, Umesh	\$1,000	IALIF
Ramakrishnan, Venkatachalem	\$1,000	IALIF
Rehncy, Tejpal	\$1,000	IALIF
Siddiqi, Zubair	\$500	IALIF
Baskar, Sivasubramanian	\$1,000	IALIF
Gadhia, Uday	\$500	IALIF
TOTAL	\$5,000.00	

DR S. V. RAMAMURTHY

CONDUIT NAME	AMOUNT	COMMITTEE
Gowda, Sonne	\$1,000	IALIF
Gowda, Vikram	\$1,000	IALIF
Mangalvdehe, Jay	\$1,000	IALIF
Ramamurthy, S.V.	\$1,000	IALIF
Ramamurthy, S.V.	\$1,000	Murtha for Congress
Ramamurthy, S.V.	\$1,000	Robert Andrews for Congress
Ramamurthy, S.V.	\$1,000	Wofford for Senate
TOTAL	\$7,000.00	